GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1657
ANSWERED ON:25.11.2016
14th Finance Commission
Ahlawat Smt. Santosh

Will the Minister of FINANCE be pleased to state:

a) whether the Government proposes to exempt Government of Rajasthan from the condition laid down by 14th Finance Commission to avail additional borrowing ceiling of 0.5 per cent of the Gross State Domestic Product (GSDP); and

b) if so, the details thereof and action taken thereon?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) & (b): The Central Government does not propose to exempt the State of Rajasthan for the year 2016-17 from the conditions laid down by 14th Finance Commission (FFC) for availing additional borrowing ceiling of 0.5 per cent of GSDP as the State does not meet the prescribed criteria for the same. The FFC has prescribed fiscal roadmap for each States, for its award period 2015-20, and has anchored Fiscal Deficit for all States to an annual limit of 3% of GSDP. The Net Borrowing Ceilings for all States have been fixed based on the formula prescribed by FFC. Further, as recommended by FFC, the Central Government has approved year-to-year flexibility for additional fiscal deficit to the States for the period 2016-17 to 2019-20 to a maximum of 0.5% over and above the normal fiscal deficit limit of 3% in any given year subject to the States maintaining the debt-GSDP ratio within 25% and interest payments-tax revenue receipts (IP/TRR) ratio within 10% in the previous year. However, the flexibility in availing the additional fiscal deficit will be available to a State if there is no revenue deficit in the year in which borrowing limits are to be fixed and immediately preceding year.

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